

Senate File 2133 - Introduced

SENATE FILE 2133

BY WHITVER

A BILL FOR

1 An Act providing an exclusion from the computation of net
2 income for the individual state income tax of qualifying
3 gains receiving capital treatment and including retroactive
4 applicability provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, subsection 21, Code Supplement
2 2011, is amended by striking the subsection and inserting in
3 lieu thereof the following:

4 21. a. Subtract, to the extent not otherwise excluded,
5 qualifying gains receiving capital treatment. For purposes of
6 this subsection, "*qualifying gains receiving capital treatment*"
7 means the amount of net capital gains, as defined in section
8 1222(11) of the Internal Revenue Code, included in the
9 taxpayer's federal adjusted gross income.

10 b. To the extent otherwise allowed, the deduction provided
11 in this subsection is not allowed for purposes of computation
12 of a net operating loss in section 422.9, subsection 3, and in
13 computing the income for the taxable year or years for which a
14 net operating loss is deducted.

15 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
16 retroactively to January 1, 2012, for tax years beginning on
17 or after that date.

18 EXPLANATION

19 This bill excludes qualifying gains receiving capital
20 treatment from the individual state income tax. "Qualifying
21 gains receiving capital treatment" is defined as the amount
22 of net capital gains, as defined in section 1222(11) of the
23 Internal Revenue Code, included in the taxpayer's federal
24 adjusted gross income.

25 Net capital gains is defined in the Internal Revenue Code as
26 the excess of a taxpayer's gains from the sales of long-term
27 capital assets over the losses from such sales, minus the
28 excess of losses from the sales of short-term capital assets
29 over the gains from such sales.

30 The exclusion does not apply for purposes of computing a
31 taxpayer's net operating loss or for purposes of computing
32 income for the taxable year in which a net operating loss is
33 deducted.

34 The bill applies retroactively to January 1, 2012, for tax
35 years beginning on or after that date.